

Basic Characteristics of Small Island Economies in the South Pacific —A Case Study of Fiji—

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Abstract

The small island economies of the South Pacific share several basic problem due to their size and isolation. Many of these problem are multiplied because of the small land masses, lack of basic mineral and industrial raw materials, distances from major metropolitan markets, small domestic markets, diseconomies of scale in production and so on.

Taking into account the basic characteristic of the small isolated island economies of the South Pacific such as maintaining traditional communal structures and a subsistence lifestyle together with varying degrees of industrial progress, the present study therefore does not rely solely on modern economic theoretical methodology for analysis of the structure of island economies and fisheries, but adopts a wider perspective using the classical tools and principles of economic and social progress.

In this study, the general economics of the island societies have been analysed from the industrial development point of view, concentrating not only in areas of capitalistic and entrepreneurial development but also pointing out the presence of opposite relations of the backward characteristics which are existing alongside with this modernised economic system.

Key words: Subsistence, Sugar, Monoculture, Colonialism, Industrialization.

(1) General Economic Characteristics

(i) Fiji Islands-General

Fiji is a maritime archipelagic country located between 10° and 25° south

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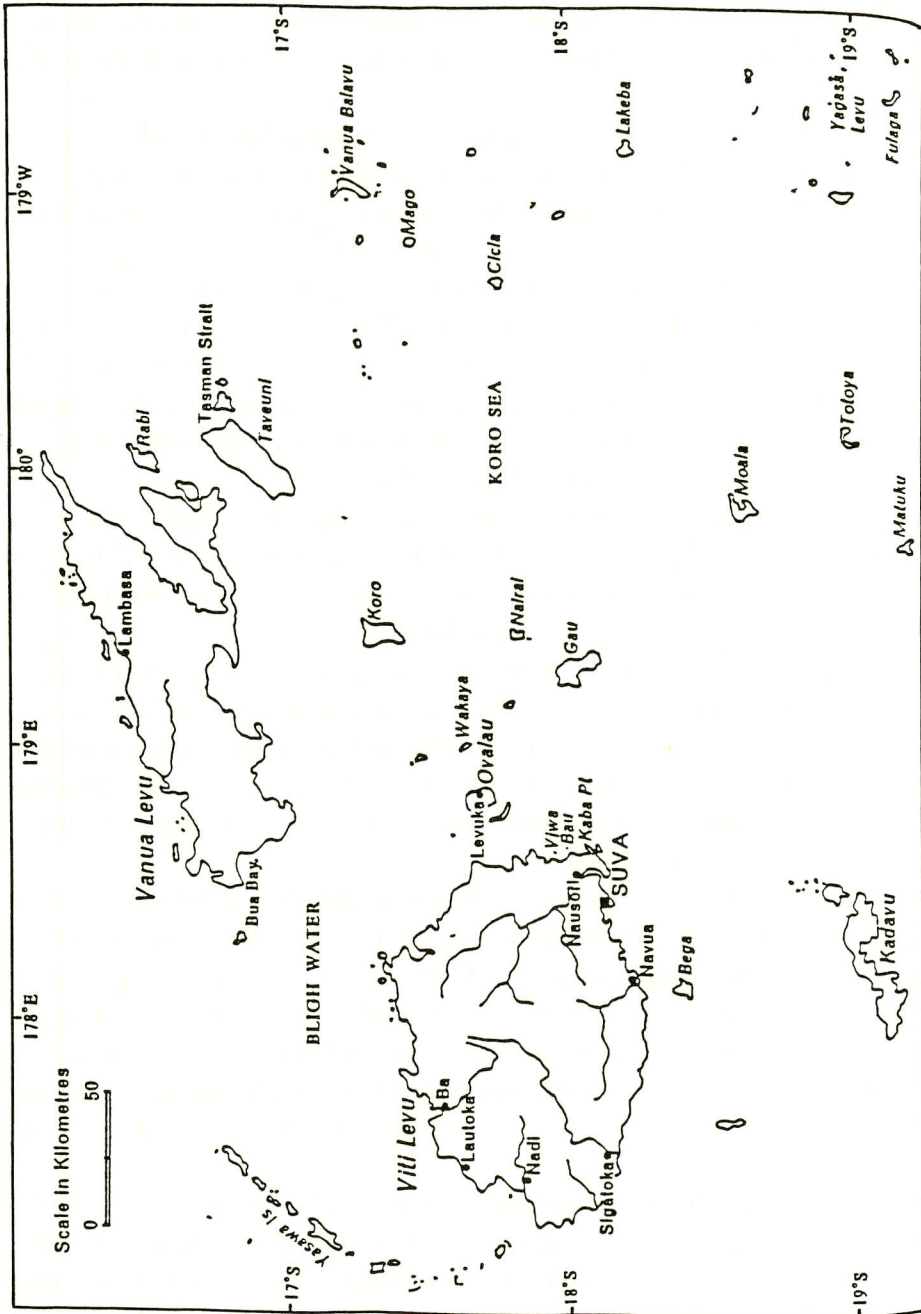


Figure 1. Fiji Islands—(physical).

latitude, and between 176° east and 178° west longitude. It consists of about 320 islands which make up a land area of 18,272 sq.km. Figure 1 gives the geographical location of the island. The larger islands are mainly of volcanic origin whereas the smaller islands are coral formations and have little productive soil.

Nearly all the islands in the group are surrounded either by fringing or barrier reef which form natural breakwaters from the ocean. With the declaration of the 200 mile Exclusive Economic Zone, Fiji's estimated sea area is about 1,134,700 sq.km. with territorial water of about 110,355 sq.km.

Fiji was ceded to Great Britain in 1874 and had British Colonial Government for 96 years. Much of the present socio-economic structures reflect this colonial influence, such as the political and constitutional systems, monocultural agriculture of sugar and coconuts, the multiracial nature of the island by introduction of migrant labour from India and other Pacific islands, and subordination to former colonial powers, i.e. Australia and New Zealand.

In 1983, the population was 677,481; 32% lived in urban areas of which 20% live in Suva. During the same year 60% of the total population fell in the economically active age group (15-64) of which 20% were employed under wages and salaries (Bureau of Statistics, 1985: 5,76)

Sugar production remains the backbone of the country. Tourism and associated construction and private services have grown considerably in the last decade and this has accelerated the economic growth after independence. The manufacturing sector has developed substantially in an attempt to reduce economic dependency on imports. Fiji's manufacturing sector now appears to be relatively more developed than other South Pacific islands.

On the other hand Fiji has very limited exploitable quantities of resources for productive industrial development. Gold is being mined by an Australian based company which exports raw gold to Australia. Copper deposits cannot be economically mined under the present world copper prices. Insignificant quantities of other minerals such as manganese and bauxite exist which are also uneconomical for industrial exploitation. Major economic resources are agricultural primary commodities such as sugar cane, coconuts, lumber, ginger, cocoa and coffee.

Fiji has already felt several economic crises in relation to its exports of sugar and copra with fluctuations in world prices of the commodities. Besides the lack of basic resources for industrial development, there is a lack of adequate domestic entrepreneurship and capital. This is reflected by the dominance of a household economy where there is little incentive towards planned savings.

(ii) Economic Structure

a. Gross Domestic Product & Industrial Structure

Table 1. Gross domestic product of Fiji

Year	Current Prices				
	Cross Domestic Product at Current Factor Cost (\$ Million)	Annual Growth Rate of GDP (%)	Estimated Mid-Year Population (000)	Per Capita GDP (\$)	Annual Growth Rate of GDP Per Capita (%)
1950	36.0	-	288	125	-
1953	50.8	12.2	318	160	8.6
1957	61.1	4.7	354	173	2.0
1962	90.2	8.1	421	214	4.3
1963	93.9	4.1	435	216	0.1
1964	99.6	6.1	449	222	2.8
1965	104.7	5.1	462	227	2.3
1966	108.8	3.9	474	230	1.3
1967	117.3	7.8	485	242	5.2
1968	129.6	10.5	495	262	8.3
1963	140.5	8.4	506	282	7.6
1970	168.9	20.2	521	324	14.9
1971	184.7	9.3	533	347	7.1
1972	230.5	24.8	544	424	22.2
1973	300.6	30.4	556	541	27.6
1974	410.5	36.6	565	727	34.3
1975	515.4	25.5	576	895	23.1
1976	570.6	10.7	585	975	8.9
1977	605.7	n. a	596	1,016	n. a
1978	642.9	6.1	607	1,059	4.2
1979	779.4	21.2	621	1,255	18.5
1980	901.0	15.6	634	1,421	13.2
1981	953.6	5.8	646	1,479	3.9
1982(r)	1020.5	7.0	658	1,551	6.6
1983(p)	1069.5	4.8	672	1,592	1.2
1984(p)	1230.9	15.1	686	1,794	12.7

Source: Bureau of Statistics. Current Economic Statistics. April, 1985. p. 6.

Note: [n. a] Not available due to statistical change in base in 1977.

The economic productivity in terms of GDP is given in Table I at current prices from 1950 to 1984, which also indicates the annual growth rate and per capita GDP. The per capita GDP doubled within 5 years of independence and has increase steadily during the 1970s and at a slower rate in the early 1980s. The high growth rate in the 1970s was the result of a change in government policy to increase manufacturing and processing, and tourism and its related construction and services industry. The consequent slower growth was due to its limitation for expansion. Table 2 displays economic activities by sectors. Agriculture, Forst & Fisheries is an important sector of the GDP; in 1984 it accounted for 24 % of the GDP. Like other South Pacific island economies, the subsistence sector is an important of the GDP. In 1984, 27 % of the agricultural sector was estimated to be subsistence which accounted for 6 % of GDP. The

high contribution of sugar cane and sugar processing over the years indicate the continued reliance on monocultural agriculture. In using GDP estimates as economic indicators for measuring the standard of living in Fiji, must be taken of the wide income disparities between the rural and urban sectors.

Current development plan policies place emphasis on primary production and processing of agricultural commodities as a result of urban drift from urban biased industrial development and the consequent high income disparities. Sugar production and processing therefore remains the basic factor towards economic growth with tourism and manufacturing as supplementary sectors. Table 3 shows industrial performance in the overall economy terms of its contribution to the GDP and employment from 1972-1979, industries accounted for 17.8 % of total employment.

b. Government Finance & Foreign Exchange

The government's ability to provide basic services and development depends on the funds it can mobilise by taxation, local and overseas borrowing, and foreign aid. The main sources of government revenue has been through income tax, estate & gift duties; and customs duties. In 1984, 45 % of the government revenue has been through income tax and 33 % from customs duties.

The dependence of government revenue on income tax indicates the small earnings of the industrial and corporate sector. This is commonly the case in developing economies which lack the generation of revenue from other sources of government capital investment.

Government spending patterns are generally comprised of salaries, wages, and operation costs. However, with the drive towards achieving higher economic growth through emphasis on secondary and tertiary industries, the government capital expenditure has caused high deficit over the years and has increased the government's foreign and domestic borrowing. Government policy to stimulate investment in manufacturing, constructions and so on which also means that the government has to forego certain amounts of revenue in the hope for long term development benefits.

Table 4 gives an indication of the increase in foreign loans public investment. Soft loans have been declining relative to foreign commercial loans on which the interest rates are higher and therefore costly in terms of debt serving in the future. The government outstanding debt (external) in 1984 was \$166.8 million consisting of multilateral, bilateral and commercial loans, accounting for 38 % of overall external debt (Reserve Bank Report, 1984. p.43, 99.). The eighth Development Plan Eight's projection estimated that by 1985, the foreign private capital borrowing would be reduced to 20 % compared to Seventh Development Plan Seven projection of 50 % and that government borrowing would increase. Table 5 in appendix I presents the government's local and foreign borrowing.

Table 2. Gross domestic product by activity at constant 1977 price at factor cost (\$000)

ISIC	Activity	1980	1981	1982	1983	1984
1.	Agriculture, Forestry and Fishing					
1.1	Crops					
1.1.2	Sugarcane	67,797	81,233	83,204	47,815	82,677
1.1.2	Other Crops	21,703	22,634	24,459	23,842	26,155
	Total	89,500	103,867	107,663	71,657	108,832
1.2	Livestock Products	6,379	6,509	6,636	7,158	7,156
1.3	Fishing	5,505	10,205	10,022	12,082	11,078
1.4	Forestry	6,742	6,417	4,812	5,396	5,483
1.5	Subsistence	44,702	45,597	16,463	47,439	48,390
	Total 1	152,828	172,595	175,596	143,732	180,939
		344	427	632	554	670
2.	Mining and Quarrying					
3.	Manufacturing					
3.1	Sugar	26,253	31,158	32,219	18,297	32,022
3.2	Other Food, Drink and Tobacco	18,964	22,512	21,603	22,426	22,645
3.3	Other Manufacturing	33,238	32,866	30,249	34,451	34,290
3.4	Self-employment	2,293	2,339	2,383	2,433	2,482
	Total 3	80,748	88,875	86,454	77,607	91,439
4.	Electricity, Gas and Water	6,542	6,828	7,038	7,392	9,117
5.	Construction	59,686	60,473	53,382	48,830	44,608
6.	Wholesale and Retail Trade, Restaurants and Hotels					
6.1	Trade	95,304	102,393	87,740	102,376	102,249
6.2	Hotels, Restaurants Cafes	21,987	23,131	25,266	21,780	24,908
	Total 6	117,291	125,524	113,006	124,156	127,157
7.	Transport and Communications					
7.1	Tranaport	55,576	58,733	65,283	65,418	71,811
7.2	Communications	11,204	11,887	12,288	12,542	13,044
	Total 7	66,780	70,620	77,571	77,960	84,855
8.	Finance, Insurance, Real Estate and Business Services	84,304	87,852	90,813	93,688	98,735
9.	Community, Social and Personal Services	124,102	125,344	126,598	127,863	129,440
10.	Others n. e. o.	5,157*	1,397*	1,399*	1,331*	1,441*
	Less Imputed Service Charges	-18,453	-20,030	-20,337	-21,550	-23,058
	All Activities	679,329	719,905	712,152	681,563	745,043
	Annual Percentage Change	-1.7	16.0	-1.1	-4.3	+9.3
	Per Capita GDP (1)	1,072	1,114	1,082	1,014	1,086
	Annual Percentage Change in per Capita GDP	-3.7	+3.9	-2.9	-6.3	+7.1

Source: Bureau of Statistics. Current Economic Statistics; April, 1985. p. 8.

*Residual.

Table 3. Contribution of the industrial sector to the economy (1972-1979)

	1972	1975	1976	1977	1978	1979
Value Added ⁽¹⁾ (\$M)						
Gross Domestic Product (GDP)	214.2	233.9	242.8	262.1	274.8	296.3
Total value added by sector	28.1	31.2	33.6	38.0	39.1	45.4
Value added as % of GDP	13.11	13.34	13.84	14.50	14.23	15.32
Average annual growth in value added		3.4	7.7	13.1	2.9	16.1
Employment						
Total Employment (TE)	58,399	72,769	72,607	72,666	72,232	79,865
Employment in sector	9,828	12,155	11,043	13,384	13,156	14,236
Sector employment as % of TE	16.8	16.7	15.7	18.4	17.0	17.8

Notes : (1) In 1972 constant prices.

Source : Central Planning Office. Fiji's Development Plan Eight (1981-1985). p. 180.

Table 4. Foreign revenues for public investment, 1971-1980 (\$ million)

Source	1971-1975 (%)	1976 (%)	1977 (%)	1978 (%)	1979 (%)	1980 (%)
Soft Loans						
World Bank loans	11.8 (33.9)	3.8 (30.0)	4.4 (18.8)	2.5 (23.8)	1.4 (4.4)	1.6 (6.0)
I. M. F. Loans	2.5 (7.2)					
E. E. C. Loans		0.6 (4.7)	1.6 (4.8)	- (0)	2.0 (6.2)	2.9 (10.9)
Bilateral Loans	6.6 (19.0)	6.9 (54.3)	5.8 (24.8)	3.8 (36.2)	0.2 (0.6)	0.1 (0.4)
Sub total Overseas commercial Loans	20.9 (60.1)	11.3 (89.0)	11.8 (50.4)	6.3 (60.0)	3.6 (11.2)	4.6 (17.3)
Grants	1.7 (4.8)	- (0)	9.1 (38.9)	- (0)	23.0 (71.7)	17.6 (65.8)
	12.2 (35.1)	1.4 (11.0)	2.5 (10.7)	4.2 (40.0)	5.5 (17.1)	4.5 (16.9)
Total Public Investment Resources	34.8 (100.0)	12.7 (100.0)	23.7 (100.0)	10.5 (100.0)	32.1 (100.0)	26.7 (100.0)

Source : Central Planning Office. Fiji's Eighth Development Plan (1981-1985), (Vol. 1) p. 61.

Foreign aid including soft-loans, capital or project grants, budgetary aid and technical aid are important source of not only government financing but also in the public and private sectors. Table 6 in appendix II gives an indication of aid flows for 1982.

Table 7 (a). Direction of trade : total exports percentage

Year	Total Exports FOB (F\$000)	Australia	Canada	Japan	New Zealand	United Kingdom	United States of America	Tonga/Western Samoa	Others
1968	49,118	11.1	6.3	4.1	5.2	37.8	13.9	3.7	18.2
1969	53,227	10.3	9.3	3.6	5.5	34.6	15.7	3.8	17.2
1970	62,307	8.8	11.6	4.2	7.1	31.4	15.7	3.8	17.4
1971	61,769	7.7	10.1	3.4	6.0	28.9	17.9	4.0	22.0
1972	65,582	10.1	6.7	3.7	7.5	29.8	21.4	4.1	16.7
1973	74,426	12.2	8.0	3.4	5.8	29.2	17.3	5.1	19.0
1974	123,740	9.9	2.4	0.4	6.6	30.0	25.9	5.9	18.9
1975	142,293	9.2	0.4	0.3	8.3	55.9	1.9	5.0	19.0
1976	122,523	10.3	0.4	0.3	10.5	41.3	3.9	6.1	27.2
1977	164,316	7.4	1.4	1.0	9.4	41.5	5.6	6.6	27.1
1978	166,493	7.2	3.2	0.9	9.1	38.8	10.0	6.6	24.1
1979	215,044	8.1	3.3	1.3	9.6	37.1	15.1	5.2	20.3
1980	305,559	6.8	6.8	10.3	10.2	20.2	10.1	4.5	34.1
1981	268,968	7.3	4.0	7.2	8.1	25.1	10.3	6.5	34.5
1982	267,557	10.9	2.4	1.9	9.6	22.4	9.9	6.3	36.6
1983	245,014	11.5	2.4	2.4	5.0	24.8	8.5	7.7	37.7

Source : Bureau of Statistics. Overseas Trade Report ; 1983.

Table 7 (b). Direction of trade : total imports percentage

Year	Total Imports CIF (F\$000)	Australia	Japan	Malaysia and Singapore	New Zealand	United Kingdom	United States of America	Others
1968	68,402	26.2	12.8	3.2	9.4	21.3	5.1	22.0
1969	77,888	25.2	14.2	3.7	9.3	19.8	4.7	23.1
1970	90,502	23.7	15.1	4.1	12.0	17.3	4.4	23.4
1971	111,550	26.2	17.0	4.3	10.7	17.9	4.0	19.9
1972	131,549	24.9	15.9	4.6	12.2	18.5	3.0	21.2
1973	174,645	30.9	16.1	4.3	12.5	14.5	4.5	17.2
1974	219,331	30.3	17.9	8.7	11.2	9.9	4.3	17.7
1975	220,967	28.9	15.7	8.6	12.1	13.4	4.0	17.3
1976	238,040	28.6	18.0	9.3	13.7	10.8	4.3	15.3
1977	281,014	27.7	16.2	11.8*	13.9	9.8	4.2	16.4
1978	299,997	29.9	15.9	6.7	15.5	9.3	4.6	18.1
1979	392,863	35.3	14.3	4.9	15.0	8.9	5.7	15.9
1980	458,754	30.6	14.2	11.0	14.7	7.3	6.5	15.7
1981	539,907	36.0	16.0	7.0	13.9	5.5	7.2	14.4
1982	475,591	38.8	14.2	9.2	15.7	4.2	3.7	14.2
1983	493,185	38.2	16.8	4.2	16.4	5.0	3.9	15.5

*As from 1977 Malaysia is included under others.

Source : Bureau of Statistics. Overseas Trade Report ; 1983.

In terms of foreign exchange, the stability of the Fijian currency has been a result of the limited amount of export commodities on the international markets, which does not allow the currency to enter in free market competition unlike other foreign currencies such as the United State dollar, Japanese yen, New-Zealand and Australian dollar.

c. Foreign Trade

Fiji's direction of trade is influenced mainly the import of mineral fuels and the export of sugar. Table 7 (a) & (b) give the imports and exports by major partner countries. More than 50 % of Fiji's import are from her neighbours, mainly Australia and New Zealand, however not much is exported to them. The main destinations for domestic exports are the United Kingdom, United States, New Zealand and Malaysia. The main exports to Australia are raw and unrefined gold.

Sugar receipts accounted for 55.7 % of domestic exports in 1984 compared to 62.9 % in 1983 and 69.0 % in 1982 (Reserve Bank Report, 1984. p. 85-92).

The main export items are mainly raw material i.e. sugar, coconuts oil, gold and molasses. Table 8 in appendix III gives the composition of domestic exports. Fiji's imports stand to be higher than exports consist of various food items, capital goods and machinery, automobiles, and mineral fuels. Total import in 1984 amounted to \$487.1 million whereas exported to \$19.74 million and the retained imports was \$371.1 million (Reserve Bank Report, 1984. p. 85-92).

Much of the trade commodities are facilitated through various trade arrangements such as the ACP-EEC under the Lome Convention II and the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).

d. Air Cargo and Sea Communication System

Eight foreign airlines and a regional airline, Air Pacific, operate through the Nadi International Airport. A domestic Airline operates between the outer island routes with other private and chartered operations.

The annual of international air freight discharged and loaded at the Fiji

Table 9. Cargo handling at the Fiji airports

Year	Thousands of kg.	% change from previous year
1979	8,337	2.3
1980	7,967	-4.4
1981	7,742	-2.8
1982	8,766	13.2
1983	7,846	-10.5

Source: Bureau of Statistics. Aircraft Statistic, 1983. p. 3.

airports has fluctuated substantially. Table 9 shows the amount of cargo handled from 1979 to 1983.

The decline in air cargo and passenger movements relate to the high transportation cost with the rise in fuel prices. However, Fiji's international airport an important stopover on the major trans-Pacific air routes as well as being the focus of a number of regional services.

The sea communication system operates through four major ports, Levuka for handling fish, Malau and Lautoka for loading sugar & molasses and Suva for all other goods. Table 10 in appendix IV gives an indication of the tonnage and type of cargo landed and shipped.

About 60% of the total international ships which called at Fiji ports in 1981 and 1982 were dry cargo carriers including roll-on/roll-off ships, container carriers, dry bulk carriers and other dry cargo vessels. Cargo landed is largely comprised of imported food, other raw materials and products.

Domestic and regional shipping also operate between internal outer islands and regional island states. In 1982 of the 228 vessels registered at the Marine Board, 25 were over 150 tonnes and 76 vessels between 2-10 tonnes forming the most frequently used category vessel size.

Fiji plays an important role in the Pacific as a major stopover for flights between America and Australia, and as an entrepot port in the intra-regional trade between the Pacific islands.

Much of the intra-regional trade, including trade between New Zealand and Australia, depend on the efficiency operations of the regional shipping of Pacific Forum Line and the Nauru Shipping Line. The low value of exports and high value of imports has caused a trade imbalance between New Zealand and Australia and the island of the Pacific including Fiji, but the regional shipping has so far relied on the support of New Zealand and Australia for financing its operations.

It is seen that the basic transportation infrastructure in terms of air and sea has been relatively developed, but the problem is still the low and fluctuations in the supply of exports, which create high transportation costs and an unreliable future.

(2) Economic Relations with Australia & New Zealand

Besides such factors which hinder development, as size, limited resources, low productive capacity, and isolation; it could further added that the subordinate position which Fiji occupies in her trading relationship with Australia and New Zealand could well be construed as another major obstacle.

The present economic structure is a direct result of Fiji's colonial experience and its associated foreign investment. For example, the establishment of Colonial

Suger Refinery (CSR) under Australian capital has shaped Fiji's economic system where the suger industry constitutes the major source of foreign exchange right to up the present. At the time of independence, four large Australian Companies, CSR, W.R. Carpenter, Burns Phillip, and Emperor Mines were operating as the major economic force with other smaller trading companies.

The declaration of independence, which gave the islands of the Pacific the flexibility to make their own decisions, caused the Pacific rim countries with established interest in the area such as the USA, France, Australia and New Zealand to devise policies to maintain their predominant influence. Australia and New Zealand, in particular, have become more heavily involved in the from of economic and diplomatic initiatives, (despite having withdrawn from their colonies).

Australia is the largest source of foreign capital follwed by New Zealand. "It has been estimated that foreign firms account for 75-80 % of corporate turnover in Fiji and that Australian Firms account for 60 % of that" (CARSTAIERS, 1981. p. 11).

Table 11 shows the source of foreign investment in Fiji as of December 1979. It also illustrates the numerical strength of Australia as a source of capital. 35.2 % of the companies had some Australian participation, and New Zealand was seen to be significant in type 2 and 3 companies.

According to E. UTCHERT :

The two largest Australian foreign enterprises operating in Fiji are the W.

Table 11. Source of foreign investment in Fiji as at December 1979

Country of Origin	1	2	3	total	proportion %
Australia	247	10	2	259	35.5
New Zealand	136	18	8	162	22.0
USA	61	-	-	61	8.3
United Kingdom	48	2	2	52	7.1
Japan	10	1	1	12	1.6
Joint Foreign Participation	48a	8b	3c	59	8.0
Other countries	98	6	15	119	16.2
Not Detailed	12	-	-	12	1.6
Total	660	45	31	736	100.0*

* error due to rounding

a Australia participated in 28, NZ 18

b Australia participated in 5, NZ 5

c Australia participated in 3, NZ 1

Note: Category (1) - greater than 50 % foreign equity

Category (2) - Between 20 % and 50 % foreign equity

Category (3) - less than 20 % foreign equity.

Source : CARSTAIERS, R. T. & PRASAD, R. D., 1981. p. 11.

R. Carpenter and Burns Phillip; together have near control over many industries and exert influence in almost all economic sectors particularly manufacturing, international, trade, retail trade, transport, tourism, and sections of agriculture (E. UTCHERT, 1984. p. 257).

Burns Phillip (South Seas) has expanded from plantations to merchandising, transportation, wholesaling, and retailing imported and manufacturing within the Pacific Islands. The Carpenter Group is the sole dealer of caterpillar and earth moving equipment in Fiji and has franchises over imported automobiles and other machinery from the USA, Japan, and the United Kingdom. It is the biggest shipbuilder in Fiji and controls more than 50 % of the industry and has moved into agriculture. Fiji Co. Ltd., a subsidiary of a Australian-British-NZ owned company, plays an important role in the petro-chemical sector.

In 1979, as indicated in Table 11, 660 foreign investments existed in Fiji of which 247 were from Australia, 136 from New Zealand, and 5 were a joint venture between Australia and New Zealand, which altogether accounted for 65.2 % of the total foreign investment in Fiji.

Besides dominating the foreign sector in Fiji, Australia and New Zealand also play a significant role in the commodity trade. In 1983, Australia accounted for 38 % and New Zealand for 16 % of Fiji's imports, whereas the exports to Australia were 11 % and to New Zealand were 5 % of Fiji's total. Table 12 illustrates the balance of trade between Fiji and Australia and New Zealand.

Major commodities imported from Australia include food, petroleum products, manufactured goods, chemical and machinery, and from New Zealand mainly food and manufactured goods. Major export to Australia is unrefined gold mined by a Australia company and export to New Zealand mainly food.

Australia and New Zealand have also significant aid donors to the South Pacific Regional Institutions and Organisations. Besides multilateral aid for budget financing of SPEC, SPC, SPF, and USP; Australia and New Zealand also contribute to special projects being under-taken by these organisation such as the Pacific

Table 12. Balance of trade with Australia and New Zealand

Year	Australia		New Zealand		Total Trade	
	Exports	Imports	Exports	Imports	Exports	Imports
1982	29.090	184.657	25.712	74.540	267.557	475.591
1983	28.105	188.564	12.184	80.756	245.014	493.185
1984	38.152	168.415	10.961	78.477	279.418	487.105

1984 figures are provisional

Source: Reserve Bank of Fiji. Financial Statement. 1984. p. 94.

Forum Line (PFL) and the South Pacific Forum Fisheries Agency (FFA). Thus Fiji, being one of the members of the regional organizations, is being affected by the decisions of this multi-aid assistance.

Bilateral aid to Fiji from Australia and New Zealand has also been significant as indicated in table 13 for the year 1982. Aid from Australia accounted for 52 % and New Zealand 10 % of the total aid.

G. R. FRY makes the following comment on dependence on aid :

Attempts to establish substantial regional ventures to displace metropolitan involvement have inevitably led to even greater involvement in the form of financial assistance. The necessary capital to support large regional venture is just not available in the island regional. In the case of regional shipping line, for example its continued operation is dependent on the injections of Australia and New Zealand capital, and yet paradoxically the lines was established partly to reduce dependence on metropolitan line (G. R. FRY, 1981. p. 27).

The South Pacific Forum has established a preferential trade agreement between the South Pacific Island and New Zealand and Australia called SPARTECA. (Fiji being a member of the South Pacific Forum and having close trading ties with Australia and New Zealand). The agreement make some products calls for unrestricted access or concessional for other specified originating from the developing island member countries of the Forum in order to accelerate the development of member countries and to promote economic cooperation.

However, the Forum island countries have been facing varying problems with regard to SPARTECA operation. Fiji's Prime Minister Ratu Sir Kamisese Mara in addressing the recent commonwealth Heads of Government Meeting in Suva expressed the following concern :

... inspite of ostensibly generous trade agreements, in practice our exports into those markets are frustrated by bureaucratic devices such as quotas, licenses, and other non-traiff barriers ...

Its often difficult to reconcile such protectionist practices with the political goodwill that occupies such agreements (South Pacific Island Business News ; Nov. 1981. p. 17).

It has therefore aroused concern that SPARTECA might turn out to be another kind of neocolonialism ... just another devise which, good intention not

Table 13. Official Development Assistance (ODA) from Australia and New Zealand (\$ million)

1982 :	Australia	New Zealand	Total Bilateral
	15.9	3.1	30.6

Source : FAIRBAIN T. J., 1985. p. 420.

withstanding, continue to tie the islands of the region in a subordinate way to their metropolitan neighbours (SUTHELAND, W.M., 1982. p. 2).

Analysis of the SPARTECA Agreement shows various loopholes with are beyond the scope of this study. Also the list of items which qualify for access to Australia markets are items which the island economies are incapable of producing competitively such as cider, porcelain and chinaware and plastic garments.

Fiji, being an island country, faces various shipping problems. Most important being the high cost of relatively valuable imports in cargo liner from Australia and New Zealand; and only a limited return cargo to these markets, comprising mainly primary products of relatively low value, with the bulk of exports going to Europe by chartered tramp vessels, the great fragmentation of the islands with small population and markets also creates expensive transportation.

These problems are not unique in Fiji, but also apply to other South Pacific island countries. To overcome this problem the South Pacific Forum set up the region and New Zealand and Australia. With imbalances in trade, the South Pacific Forum Line faces several operational difficulties, however New Zealand and Australia have kept it going by financing over two-thirds of its budget. The operations on the other hand has eased the importation of raw materials, manufactured, and processed foods into the island states; and the exportation of the products of Australia and New Zealand Companies located in the islands.

In regard fisheries, Fiji's subordinate relationship with Australia and New Zealand has had two major ramifications. Firstly, from the time of colonial rule both countries have been interested in commercial agriculture under the plantation system, and later on processing of agricultural products and other manufacturing industry rise rather than fisheries. Very cooperation was concerned with fisheries except for the financial assistance for the operation of the recently established FFA. Much of the operations of FFA and its foundings are itself based on international and regional politics. Fish as protein food is also seen not to be of equal importance as red meat in these countries.

Secondly, with the concentration of economic interests on commercial agriculture and manufacturing such as sugar which forms the base of economic activity, it could be said that resources have been further directed away from fisheries and as a result, fisheries is still dominated the subsistence production.

(3) Structural Stagnation Under a Monocultural Economy

(i) Sugar Cane

Sugar cane farming started in Fiji in the early 1860s by the colonial settlers in various parts of Fiji. Almost 34 mills operated at one point or another 1862,

of which, 4 still remain and from the base the sugar industry. Sugar became Fiji's principal export in 1883 and still remains the backbone of Fiji's economy.

The Colonial Sugar Refinery Company (CSR), a well established Australian company started operations in Fiji in 1880. In 1961, the CSR set up the subsidiary South Pacific Sugar Mills (SPSM) to operate in the Fiji mills. Following an acceptable arbitration award by Lord Denning on the sharing of proceeds with growers, CSR withdrew from Fiji in 1973. As a result, the government bought all CSR shares in SPSM Ltd. and operated the present Fiji Sugar Corporation (FSC) as a public company.

Table 14(a). Position of sugar industry in the economy

	sugar/agri. %	sugar/manuf. %	sugar/GDP %	sugar/domestic % exports
1980	75.8	33	13.8	80.0
1981	78.2	35	15.6	72.9
1982	77.3	37	16.2	71.8
1983	66.7	24	9.7	64.7
1984	76.0	35	15.4	59.1

Source: Bureau of Statistics; Current Economic Statistics (1981,1984).

Table 14(b). Performance of the sugar industry, 1980-85

	1980	1981	1982	1983	1984	1985 ^{e/}
1. Exports:						
a) Sugar (Tonnes)	441,000	408,000	411,000	343,000	379,513	434,000
b) Molasses (Tonnes)	161,000	141,000	157,000	93,000	150,153	151,000
2. Export Value:						
a) Sugar (\$m)	154.55	134.99	147.09	89.83	110.16	111.00
b) Molasses (\$m)	11.98	9.62	5.08	3.17	6.46	7.50
c) Total (\$m)	166.53	144.61	152.17	93.00	116.62	118.50
3. Employment:						
a) Farmers	19,567	21,015	22,091	20,500	21,796	22,146
b) Cane Cutters	19,300	19,411	19,911	11,295	16,244	16,244
c) FSC Employment	3,951	4,000	3,708	3,521	3,871	3,887
Total	42,818	44,426	45,710	35,316	41,911	42,277
4. Cane Price: \$/tonne	35.19	26.24	28.60	29.00	22.37	22.43
5. Income: Growers \$m	117.80	103.26	111.4	65.10	97.59	82.54
FSC \$m	48.73	41.35	40.77	27.90	38.93	33.59

Source: Fiji Sugar Corporation Annual Reports

Bureau of Statistics

Central Planning Office

Notes: e=estimate

Suger not only dominates the agricultural sector of the economy and is for the highest commodity crop, but it also places as the largest in the food manufacturing sector. In 1984 suger cane accounted for 76 % of the Agriculture, Forest and Fisheries sector and suger manufacturing accounted for 35 % of the manufacturing sector. In the total it accounted for 15.4 % of the GDP. Table 14 (a. & b.) gives the details on the position of the suger industry in the economy.

Suger cane is the major crop in the two larger islands. Farms are operated under a small-holder system where the average farm holding is about 4.2 hac. About 20,000 independent farmers sell cane to the mill in their respective areas. The farmers are comprised of 75 % Indian and 25 % Fijian.

During harvest time 19,000 people cut cane on an average day. Three thousand and five hundred people are directly in the FSC Mill operations. In the overall economy the suger industry employs nearly one quarter of Fiji's economically active people. Table 15 in appendix V gives the suger industry production and prices. It also indicates the fluctuations not only in crop production but also the market prices for sugar.

Fiji differs from other suger producing countries because of its almost complete dependence on small farmers its centralised milling system. Each farmer operates under a contract with the miller which specifies the quota of cane form and also regulates the relationship between sale and purchase of cane.

Several problems exist at the farmers level. Firstly, it must be pointed out that in light of the general principle of agricultural progress, suger production and earnings per unit from small scale farms of 0.10-0.12 hac. falls short of the level of developed agricultural countries.

Major problems for farmers which directly affect production relates to insecurity of land and tenure. This insecurity of lease has further led to poor land management.

Other major problems in suger cane production has been adverse weather condition cyclones and flood. Suger diseases have also severely affected crop yield in some areas.

With technological advances several kinds of artificial sweeteners and beet suger which represent close substitutes and have become higher preference commodities than traditional cane suger have hit the world suger market. This has forced the world suger prices. The fluctuations and decline in prices has affected Fiji's earnings and hence the whole economy.

Fiji's major reliance for market are under special agreement with the European Community. In 1984, 46.5 % of the total sales was to EEC Countries under the ACP-EEC Lome Convention Agreement. Fiji also has term arrangements with Malaysia, New Zealand, China and Singapore. The remainder suger is sold on the open market. The decline in the world market prices since 1980 has continued. The Director's report for the Suger Industry for 1983-1984 season states that :

The prolonged slump in the suger market prices with no encouraging signs

of any significant change is threatening the viability of the sugar industries throughout the developing world, and Fiji no exception (FSC Annual Report, 1983-1984. p. 4).

The capacity to expand lies in fulfilling and securing the ACP-EEC quota agreement as well as trading in the open market. The latter, where the major economic capacity to expand lies, is very dependent on the open market prices. However huge imbalances between consumption and production have led to steady accumulation in world sugar stocks, thus causing the world sugar prices to fall.

It is also worth pointing out that since the world market offers cheap sugar, it would not be surprising that the present contracted countries would later buy in the open market, thus weakening hope of expanding special agreement and contracts.

Fiji's vulnerability to fluctuations in external demand conditions for sugar has aroused great concern. The decline in prices has not only affected the industry, but the farmers who directly depend on sugar production and the economy as a whole. This monocultural dependence is proving to be a great risk to the economy.

(ii) Copra Industry

Copra is another monocultural crop which is a major source of income and employment on the other islands and Eastern and Southern Vanua Levu. It is the second agricultural crop in terms of earning foreign exchange and also came under commercial production during the colonial period in a similar manner as the sugar industry. It still plays an important socio-economic role in the economy.

There are two major types of production system, the large estate plantation and the village production by small scale farmers. The larger estate plantations over 900 hac., are mostly operated by companies or individual owners on freehold land bought before cession and worked by hired laborers. The small holdings of the industry is considerable both in terms of the traditional involvement of W. R. Carpenter Ltd. and the Burns Phillip (SS) Ltd. and newly established USA and Singapore based involvement. Island Industries Ltd. a subsidiary of Carpenters

Table 16. Copra production from 1969-1984

year-tonnes			
1969-33,289	1973-26,938	1977-30,605	1981-20,493
1970-29,034	1974-27,606	1978-26,082	1982-22,033
1971-28,634	1975-23,692	1979-21,932	1983-23,566
1972-29,205	1976-26,908	1980-22,790	1984-24,545

Source : Ministry of Primary Industries. Coconut Profile : A Programme for Future Development of Coconut Areas. Agricultural Commodities Committee/Coconut Advisory Council, 1985. p. 7.

operated the first mill is so far the largest of current operating mills. The Burns Phillip operates CASP Ltd. and considerable copra estates. Copra production has declined considerably in the early 1980s. Table 16 displays the copra production from 1969 to 1984.

Frequent hurricanes have decreased production severely, coconut pests and diseases have also increased and affected the quality of coconut production, lack of rehabilitation and replanting of older trees, most of which were planted in the colonial period have decreased production because of old age. Other problems relating to production include land tenure and insecurity of lease which has also created disincentive for land and crop improvement.

The technology and production techniques employed are of low-efficiency particularly for copra drying. Output of copra per hectare under coconut trees is generally low. Harvesting is not regular; nuts are collected from the ground by natural fall and mostly picked up when cash is required.

Shipping problems are also enormous with the fragmentation and distances between the islands and the fact production quantities are small. The high fuel prices during the 1970s caused high freight cost for shipping which eliminated all profit.

The trading patterns in coconut oil indicate that in 1984 it accounted for 9.4% of total domestic exports, whereas in the 1960s and 1970s it accounted

Table 17. Exports of coconut oil

Year	Quantity (tonnes)	Value (f. o. b.) (\$000)
1969	17,411	n. a
1970	19,011	n. a
1971	16,866	n. a
1972	15,905	n. a
1973	18,247	n. a
1974	14,306	n. a
1975	16,060	n. a
1976	14,433	n. a
1977	17,551	n. a
1978	17,645	n. a
1979	14,228	n. a
1980	12,720	6,528
1981	13,582	6,355
1982	15,607	6,165
1983	13,941	10,579
1984	15,034	18,467

Source: Ministry of Primary Industries. Coconut Profile: A programme for Future Development of Coconut Areas. Agricultural Commodities Committee/Coconut Advisory Council. 1985. p. 23. & current Economic Statistics. April, 1985. p. 59.

n. a-not available

for almost 25 %. Table 17 presents the exports of coconut oil from 1969 to 1984.

Local copra price are related to world market conditions for oil. Coconut oil has lost some of its share in the oil market compared to animal fats, palm oil and other edible oil such as palm kernel oil and soy bean oil which provide cheaper substitutes. The palm kernel oil being the closest substitute for coconut oil provides the greatest competition.

"Competition with palm kernel oil will not only even necessarily, be in price terms, but will also depend on market access, reliability of supply etc". (W. D. Scott & Co. Pty. Ltd. p. 10).

World prices of coconut oil are also greatly affected by soy bean oil which dominates the edible oil industry. Also coconut oil prices are quick and sensitive to shifts in supply from the largest coconut oil producer, Philippines, which account for almost 80 % of the world trade in coconut oil; as result, the vulnerability in Philippines production has also been one of the contributing factors in the extreme instability in the coconut oil prices.

Fiji's copra previously benefited from EEC-STABEX, a export earning stabilisation scheme introduced of the Lome Convention. Under Lome I, Fiji could obtain loans for coconut oil deficits regardless of the market in which the copra was sold. However, under Lome II, as a result of stringent application of STABEX Articles, Fiji does not have similar opportunities from STABEX Funds because no oil is going to the ECC Market. This has greatly affected the future of the copra industry.

The W. D. Scott & Co. Pty. Ltd. Report on Copra and Coconut Oil markets forecasts the coconut oil demand as follows: End use demand for these oils in traditional markets however is not likely to grow as far as their supply. Even allowing aggressive selling in the traditional markets which is the likely priority suppliers response, the demand volumes still do not appear to be large enough to absorb the available oil (p. 6).

With oversupply and declining preference for coconut oil in the oil market, the future of the copra industry does not look very positive in terms of maintaining market share and expansion. Variable prices have also affected production and management since copra is a team extensive agricultural crop.

Being monocultural crops and traditional colonial commodities present several problems for the long term continuity of both sugar and copra. Both industries are faced with declining prices as a result of higher production relative to consumption which has produced surplus supply on the world market; much consumption being affected by increasing substitute commodities.

The fixed quotas under the long term contracts do not accommodate for expansion but rather for continuous efforts to renew these agreements as the world market prices decline. On the other hand, the world prices do not show any promising

cange in the immediate future. Almost 47 % of the total suger exports have to be sold in the world free market.

While the return per hectare is declining with reduced suger price, the production costs are increasing due to the rise in fuel price and the high cost of both fertilizer and farm machinery. Which are all imported materials ; leading the whole industry, including the farmers, into a depressed state.

It has long been realised that the suger industry needs to diversify, and programmes have been implemented to some extent. However, the opportunities and potential for further diversification and expansion lie in the ability to seek export markets for its products as the domestic market is too small.

The copra industry is also faced with a similar problem, but to a greater extent being a long term crop. With the continuous decline in production and reduced coconut oil prices, not only have copra processing industries been affected but also the farmers have experienced periods of no profit.

The excessive processing capacity and declining copra production has caused much concern for the government. As a result, the Development Plan Eight's objective for the copra industry emphasised increasing coconut production in order to keep the processing industries in the operation by supplying free planting materials and so on. Present development programmes also emphasise intercropping, use of coconut fibres as a means towards diversification of the industry ; but the success still lies on the availability of markets for these small quantities and scale of production from the smaller outer islands.

The stagnation of both industries clearly indicates risk involved in the continued reliance and investment. It is also worth stating that the potential for diversification in both industries needs more careful research and evaluation before any major implementation.

(4) Indefinite Class Differentiation Inside Rural Communities

(i) Progress of Land Ownership

Throughout history, land ownership patterns have determined the various economic and social system right up the present.

Land ownership patterns have been categorised by three stages in its theory of development. The first is characterised by primitive communism where ownership developed as a property or a clan based system.

The socio-economic forces and contradictions or the continuous state of flux within the society led to the emergence of a large scale feudal landlord and the tenant, called the feudalistic tenant system as the second stage in the development process. Although the clan system remained during the feudalistic period, it was

in fact not so in reality, but only the outer framework within a new type of society developed. The new society was characterised by a hierarchical socio-economic structure with the tenant as peasants at the bottom and feudal landlords in possession of large areas of agricultural land. The destruction of the peasant from the land led to the third stage in progress of land ownership called the enterprise or capitalistic ownership system. It is seen that the economic structure of the capitalist grows out of the economic structure of the feudal society. The dissolution of the latter in fact sets free the elements of the former to freely take place.

The large agricultural land of the landlords turn into the farming enterprises and the feudalistic rent modified into the modern rent system. The tenants consisting of the masses become landless and provide their labour for the capitalistic enterprises characterised by large plantations.

In the history of the development of capitalistic countries such as the USA and European countries this transformation of the feudalistic landlord system into modernised ownership can be seen, as well as the emergence of farming enterprises and wage labor as a process of capitalistic agriculture.

In the context of land ownership in Fiji, actual land ownership and allocation of plantations took effect only after European contact, the coming of planters and settlers. These planters and settlers wanted land and labor for their plantations and a settled government which would give them a firm title to their land besides protection. When a European bought land he considered that the land became his. The Fijian however, often sold what he believed to be only the use of land, therefore resulting in great conflicts and warfare. The concept of land ownership meant only the use of land surrounding the village or the tribal settlement. Land was a common property with traditional clan ownership.

The Deed of Cession in 1874 made first provisions to identify the state of ownership of the land, Clause 4 of the Deed of Cession stated the following with regard to land:

That the absolute proprietorship of all lands not now alienated so as to have become the bona fide property of Europeans or other foreigners or not now in the actual use or occupation of some chief or tribe or not actually required for the probable future support and maintenance of some chief or tribe shall be and is hereby declared to be vested in her said Majesty her heirs and successors (LLOYD, D. T., 1962. p. 8).

This clause gave three types of land system which still prevail and form the base of the present land ownership system. Firstly, the land which was at the time of cession proved to be under European and other foreigners' occupation became the freehold land. Secondly, lands which were in actual use or occupation of some chiefs or tribes and lands required for the probable future support and maintenance were regarded as Native Land. The third type of land was all

Table 18. Fiji land ownership statistics (1977)

Type of Land	% of Total Area
Native Land including Rotuman Land	83.30
Crown Land	8.55
Freehold Land	8.15
Total	100.00

Source : PRASAD, P. 1983. p. 103.

land not falling under the above two categories which belonged to the Crown or the Government. Hence it became the Crown land. Table 18 give the percentages of each type of land ownership in Fiji.

The law requires the Native Lands to be held according to the Native Custom. the Fijian land is therefore registered under the traditional 'mataqali' (clan) system of a patrilineal linkage, and land is inalienable except to the Crown. The head of the 'mataqali' is in charge of the land belonging to his clan. So long as a man performs his portion of the work, he cannot be pushed out even if he only holds a collateral interest in the land of the 'mataqali'. This principle of ownership based on traditional custom has been adopted by the colonial administration and has so far remained unchanged.

With various socio-economic pressures such as population change, land varies widely now from one unit to another and even within the same village, but there are no mechanism for redistribution of land. The only land which could be speculated towards individual proprietorship is the freehold land which comprises only 8.15 % of the total land area. Since this is the only freely transferable land it has a market value quite unrelated its productive value for agriculture.

The third category comprising of Crown land is used by government for mostly public amenities and services. Thus the only lands available for agriculture are the native lands and only a small portion of Crown and freehold land.

Commercial agriculture in Fiji developed initially under the plantation system by the colonial settlers with the help of indentured laborers. These plantations, mainly of cotton and later copra and sugar cane, occupied most of the freehold land operating simply as extensions of the capitalistic industry of the metropolitan empire to supply raw materials. With the lack of labor the sugar industry shifted on to small holder tenant system on the freehold land of the Company and on the native lands under lease from the 'mataqali'.

Thus the non-Fiji farmers, most of whom are of Indian background and who settled after the indenture period, have become the independent small holder tenant on the Native Land. It is therefore seen that land ownership patterns in Fiji exhibit a unique character in that the tenant system of small independent farmers is integrated into the traditional clan system. The state of land ownership

or the stagnation of ownership is reflected by socio-political control which originated under the colonial administration system. Throughout the history British Colonialism, it is generally seen that the British Administrators avoided conflict with the native customary systems in order to peacefully achieve their own ends, thus codifying the system as it existed at the time of cession and keeping away with any further legalities which was not in their interest and not their purpose. Thus much of the rural stagnation is a result of this colonial manipulation.

The land ownership pattern from the past to the present does not indicate economic forces for disintegration, a necessary process for progressive agricultural development.

The purpose in the above arguments has been merely to try to illustrate the stagnation of land ownership rather than for any judgement on the desired mode of land system. The rural community and the mode of farming is also effected by this stagnation in the land ownership system.

The patterns of land ownership is analysed in the later part of the study in relation to ownership of the sea, which according to the traditional custom, was a simple extension of the land boundary.

(ii) Differentiation of Peasantry

According to the historical process, at any point in time the socio-economic relations present are a combination of remains of the past dominant type relations that are on the verge of disaggregation. Thus the present condition of the society and new relations that are beginning to develop and express in contradictory manner.

The sum-total of all these economic contradictions among the peasantry constitute what we call the differentiation of the peasantry. The peasants themselves very aptly and strikingly characterise this with the term *depeasantising*. This process signifies the utter dissolution of the old, patriarchal peasantry and the creation of new types of rural inhabitants (LENIN, p.1964. p.176).

These rural inhabitants consists of two extreme types of groups, the first is peasant bourgeoisie, a minority group of individual independent farmers who purchase and/or rent large areas of land, use improved farming techniques, hire farm labor and, further in the process try combine agriculture with industrial enterprises. The other group is the rural proletariat, consisting of the majority of the people who have to abandon their land and sell their labor power to the first group. The overall process involved represents the breakdown of feudal and clan property and its transformation into modern private property which is characterised by large plantation systems with improved techniques and use of labor. It represents the natural course of capitalistic agricultural production. Thus the process of differentiation may be looked at in terms of size of farms and groups, and class of farmers through time in order to see the process or degree of progress, if any.

Differentiation of peasantry in Fiji is directly reflected by the pattern of land ownership system. The majority of the agricultural land is under communal ownership, where the useage land is determined by the traditional means. The institutional factor, furthermore, socio-political, which determine administration of land, restrict individual ownership of free trade in land (with exception of freehold land), therefore restrict the development of capitalistic forces of production.

Analysis on suger farmig, the dominant agricultural crop shows that farming the small-holder system has continued since as the 1930s. Lack of labor to maintain the plantation system created a sub-division or estates into a small-holder system which proved sucessful where the Indian farmer could manage a farm using family labour. Small farmers not only increased on the Company's land, but also on leased 'mataqali' land. Table 19 shows that the average size of farms in 1944 was about 0.1 hectares.

Table 19. Size of farms in 1944

Hectares	Number of	
	Tenants	Contractors
Up to 0.019	nil	141
0.02 to 0.039	22	640
0.04 to 0.059	105	711
0.06 to 0.079	114	440
0.08 to 0.099	595	373
0.10 to 0.119	1,502	378
0.12 to 0.139	960	238
0.14 to 0.159	440	214
0.16 to 0.179	189	132
0.18 to 0.199	41	82
0.20 to 0.219	24	101
0.22 to 0.239	6	67
0.24 to 0.259	2	70
0.26 to 0.279	2	51
0.28 to 0.299	1	39
0.30 to 0.399	3	99
0.40 to 0.499	4	48
0.50 to 0.599	2	19
0.60 to 0.699	nil	11
0.70 to 0.799	nil	6
0.80 to 0.800	nil	3
0.90 or over	nil	4

Source: SHEPHARD, C. Y. 1945. p. 39.

Note *Tenants-in the above case tenant are farmers who lease land from the company.

Contractors-several different forms of leases: some contractors own land, others leases from private individuals, but most of them hold leases from native owners.

**The tables used for the above analysis are a poor representation of statistical proof, but unfortunately data on farm sizes and the number of farmers over the years is not available.

Table 20. Development of sugar cane farming areas cultivated 1925-1944

Year	Total area under cultivation	Cultivated By							
		Company		European Planters		Indian and Fijian Tenants		Indian and Fijian Contractors	
		Acres	% of Area	Acres	% of Area	Acres	% of Area	Acres	% of Area
1925	64,963	33,679	52	4,446	7	6,905	10	19,933	31
1926	67,494	30,350	45	4,040	6	9,080	13	24,024	36
1927	70,526	28,828	41	3,677	5	11,448	16	26,573	38
1928	75,007	23,700	32	2,342	3	20,710	28	28,255	37
1929	77,645	20,025	26	2,004	3	25,559	33	30,057	38
1930	78,250	17,641	22	1,611	2	27,896	36	31,102	40
1931	78,373	12,610	16	1,133	1	34,300	44	30,330	39
1932	80,939	9,160	11	744	1	39,412	49	31,623	39
1933	83,692	7,450	9	645	1	43,077	51	32,520	39
1934	84,497	5,335	6	658	1	44,989	53	33,515	40
1935	87,738	4,874	5	661	1	45,690	52	36,513	42
1936	89,924	4,532	5	653	1	46,031	51	38,708	43
1937	91,197	4,500	5	717	1	46,139	50	39,841	44
1938	91,475	3,219	4	369	-	47,405	52	40,482	44
1939	91,812	3,126	3	240	-	47,421	52	41,025	45
1940	91,624	3,111	3	206	-	47,268	52	41,039	45
1941	92,628	3,153	3	161	-	46,521	50	42,793	47
1942	94,046	3,119	3	221	-	46,439	50	44,267	47
1943	90,913	2,728	3	197	-	45,383	50	42,605	47
1944	89,059	2,425	3	197	-	45,332	51	41,105	46

Source: SHEPARD, C. Y., 1945, p. 38.

Table 21. Number of farmers, size of farms, and production

Number of Farmers

Year	Total Production (000) t	Production Size (t)	Size of Farms (acres)	Number of Farmers				
				Lautoka	Rarawai	Labasa	Penang	
1982	4,075	1-50	0 - 5	1,884	759	845	1,289	
		51-500	5 - 10	6,652	4,910	3,699	1,720	
		500-over	- 10	217	131	388	22	
				8,753	5,800	4,932	3,031	
1983	2,202	1-50	0 - 5	4,284	2,078	1,109	1,022	
		51-500	5 - 10	4,506	3,770	3,702	1,569	
		500-over	- 10	12	19	91	10	
				8,802	5,867	4,902	2,604	
1984	4,290	1-50	0 - 5	1,682	956	811	711	
		51-500	5 - 10	6,819	4,763	3,799	1,866	
		500-over	- 10	347	202	351	42	
				8,848	5,921	4,961	2,619	

Source: Fiji Sugar Corporation Information Office, Suva. (IDL)

Table 20 indicates the breakdown of the plantation system and development of the small holder system. The trend of the small holder system has been continuing as indicated by more recent figures on farm size as can be seen in table 21.

It can be seen in table 21 that most farmers come from farms ranging in size from 0.05-0.10 hec. rather than larger farms of over 0.10 hec. thus indicating that the dominant farms are still the small holder system.

In this study on the size farms, SHARMA also mentioned dominance of the small holder system and its implications on the importance of family management labor. "In 1980 there were some 1900 sugar cane farms of which about 44 % were in the 2-4 hectare (5-10 acre) group, while only about 9 % were in the greater than 6 hectare (15 acres) category. The small holder system of farming is further reflected by the fact that on an average only 0.4 % of the sugar cane farmers employed 2 temporary non-family labor ... Cropping patterns in the western side of Viti Levu and Northern Vanua Levu (where most of Fiji's sugar is grown) has only changed only marginally in the last 70 years despite the possibility of growing relatively more high value products (SHARMA, 1985. p. 35)

The process of differentiation in the above agricultural system does not exhibit any distinct development forces towards capitalistic production. The socio-political forces of land ownership restricts the disaggregation of the small holder system. Moreover, the rural community does not distinguish between large farmers who control the production and industry, and a class poor and landless turning to agricultural labor for the large farmers.

A farmer's status is highly dependent on the nature of his land tenure and his social relations within the community (he interacts either for extension of lease or for other sources of income and assistance). The agricultural peasantry does not exhibit of the definite process of differentiation as historically expected, because the production sector is based on small-holder household production while the industry is based on the capitalistic mode. The limitation of development of capitalistic production of sugar cane is in part, caused by the greater outside institutional forces.

(5) Backward Composition of Industrial & Employment Structure

(i) Presence of Light Industries

Fiji's industrial production structure is classified* in three categories: manufacturing, mining, and gas & water. Table 22 below shows the industrial production contribution to the GDP.

Table 23 displays the increase in creation of value or value added by the manufacturing sector with as can be seen is largely due to the sugar industry.

Mining industry is presently dominate for gold production under Australia investment. The total employment in the mining and quarrying sub-sector in 1983 was only 1 % of the total.

Fiji's manufacturing sector is relatively more developed than on other South

Table 22. Industrial production contribution to GDP (1976-1980)

	1976	1977	1978	1979	1980*
GDP at current factor cost (\$m)	570.6	605.8	642.9	779.4	917.0
Industrial Sector :					
-mining and quarrying					
-manufacturing					
-electricity, gas and water					
Value added (\$m)	76.3	78.5	76.7	106.3	116.8
percent of contribution (%)	13.4	13.0	11.9	13.6	12.7

*expected.

Source : Bureau of Statistic. Census of Industrial Production 1980. p. 8.

Table 23. Contribution of the sugar industry in the total manufacturing.

Industry	Value added (\$000) including sugar industry			Value added (\$000) excluding sugar industry		
	1978	1979	1980	1978	1979	1980
1. Food Manu- facturing	41,052	60,314	65,701	18,701	22,095	21,535
2. Clothing & Footwear	1,645	2,192	1,860	1,645	2,192	1,860
3. Wood Products	6,873	7,809	10,147	6,873	7,809	10,147
4. Paper & Printing	3,989	5,551	6,597	3,989	5,551	6,597
5. Chemical Products	3,842	5,042	5,514	3,842	5,042	5,514
6. Non-metallic Products	3,279	3,852	5,030	3,279	3,852	5,030
7. Machinery & Equipment	7,196	10,061	9,416	7,196	10,061	9,416
8. Miscellaneous Products	586	322	379	586	322	379
Total Manu- facturing	68,462	95,143	104,644	46,111	56,924	60,478

Pacific Island; comprising of food manufacturing and others shown in the table above. Table 24 in appendix VI shows the details of the type of manufacturing industries and their corresponding gross output. The highest gross output can be seen to be contributed by food manufacturing, which is essentially non-durable and used largely for immediate human consumption. Food manufacturing is further dominated by the sugar and copra industries. These industries are based on comparatively long term crops for their raw materials, unlike other manufacturing industries, which have continuous production and utilization of productive capacity.

The post-independence industrial development, mostly non-resource based manufacturing, has been directed towards import substitution to reduce economic dependence and vulnerability. The overall industrial structure and scale of production is characterised by small scale, mostly light industries, much of which depends upon foreign capital and expertise.

Employment in the industrial sector in 1983 consisted of; Mining & Quarrying (1,229), Manufacturing (15,196), Electricity, Gas & Water (2,231). This accounted for 23 % of the total paid employment.

The presence of light industries is caused by the nature of the small island economy with limited resource, lack of capital and entrepreneurship, and with a small domestic market. The regional islands of the South Pacific serve as a major external market for Fiji's manufactured products and with the exception of sugar and coconut oil, a small proportion is exported to Australia, New Zealand, and the USA.

The manufacturing sector has however developed substantially to fulfill the domestic requirements, but faced great competition for similar products originating from newly developed cheap labor countries such as South Korea, Taiwan, and Hongkong.

(ii) Lack of Key Industries

Industries such as chemical, petroleum, textile, woodworking, ceramic, and metal; which provide towards economic progress and stability; are referred to as key industries.

Two foreign dominated shipbuilding firms, Carpenters Industrial and Bish Ltd. each employ about 1000 workers for shipbuilding, assembling and repair. Connected with shipbuilding is a steelwork plant which makes steel framework and steel furniture with steel imported from Australia.

The foreign dominated chemical and petro-chemical industries are characterised by supplying gas for domestic home and industrial use.

The textile industry stitches garments of imported fabric and so on. These industries, although essential, do not provide the conventional type key industries needed for capital formation. These industries, based on foreign capital, have been aimed primarily toward import substitution and employment creation. Markets

for these commodities are limited, consisting of the small domestic and the regional islands.

Historically, the development of the steel and iron industries, petro-chemical, and other capital intensive and high technology industries was recognised as essential for the reproduction and creation of value by way of processing of raw material. It also formed the base for capital reproduction by way of providing inputs for the production of means of production which is also essential towards industrial progress.

However, the small island economies do not possess such industrial raw material and resources in adequate quantities for heavy industrial development. Besides lack of physical resources, the islands do not possess the necessary capital, technology and entrepreneurial skills.

(iii) Necessity for Primary Industries

Fiji, besides being an island economy, also does not possess other necessary conditions to rely on industrial development as the base for economic progress and development.

Industries have been limited to small scale production, most of which is non-resource based manufacturing which developed in the last decade. The potential for expansions constrained by limited market opportunities, small size of domestic markets, the smallness of the islands, the structure of international freight and tariffs, and a lack adequate resources for industrial development. According central Planning Office :

“Mon-resource manufacturing has in significance. This is a healthy trend, but its persistently low share and potential for expansion reveal that this type of industrialisation, although of consequence, cannot be relied upon as the engine of growth for Fiji’s future development” (Central Planning Office. Fiji : Development Plan Eight ; 1980-1985. p. 7).

Industrial development so far have urban orientated and therefore caused a relatively higher urban migration than of employment opportunities.

In light of the limited opportunities in expansion, the need to create rural employment and for a balanced development between rural and urban sectors, agricultural primary production must be seen as an option for economic development. This is also consistent with the theory of economic progress in that adequate agricultural development is important before the development of mechanical industries.

This then raise the question as what type of commercial agricultural production and mode of development would be suitable for small island economic as a means for earning foreign exchange, meeting basic food needs (indicated by high food import), providing employment economic progress and development ; taking into account the absence of key industrial resources.

On the other hand, it can be seen that agricultural production for external trade requires considerable mechanisation of production; improvement of seeds, technology, and skills; and adaptations to adverse weather, crop and price, fluctuations in order to effectively compete for markets with larger agricultural countries with similiar products; Fiji's market may still be relatively small.

In light of the present economic structure, agricultural modernisation would mean imported technology, mehanisation of equipment, imported fertilizer, seeds and so on.

Suger and copra have so far been the most important agricultural crops in terms of providing foreign exchange and employment. However, with the small-scale production and unfavorable world market condistions and prices, continued reliance possess considerable risk.

Diversification within the suger and copra industries and possibilities in alternate crops such as lumber, ginger, cocoa, and rice have been the major objective of the Development Plan Eight in order to provide a broader economic base and development. Diversification and commercialisation these crop for the long term need careful research before undertaking any major move, since it would involve new investment and development i.e. creating new institutions and facilities.

An option to potential agricultural and rural development and a sector which has long been considered as of socio-economic importance is the fisheries sector. Historically, fisheries within the primary industry has been subject to international capitalistic development unlike agriculture which developed with foreign capital under the plantation system.

The scattered nature of the islands with poor agricutural resources leaves little option besides fisheries. Fisheries also involve the greater rural community and provide a source of income and food. Fishheries have already been given importance as a source of foreigr axchange in many of the islands of the region.

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APPENDIX I Table 5. Government financing (\$m)

Year	Local Borrowing				Foreign Borrowing				Total Financing	
	Banking System	Use of Cash Deposits	Fiji National Provident Fund	Other Non-Bank	Total Domestic	International Institutions	Bilateral	Market		Total Foreign
1974	8.850	8.326	-	-	17.176	6.775	2.272	-	9.047	26.223
1975	5.500	(5.080)	4.800	-	8.220	3.076	3.225	-	6.301	14.521
1976	10.685	10.904	7.200	-	28.789	4.435	6.854	-	11.289	40.078
1977	19.695	(1.810)	10.000	-	27.885	5.984	5.757	9.101	20.842	48.727
1978	23.250	9.837	9.000	-	42.087	2.531	3.844	-	6.375	48.462
1979	14.519	1.957	12.000	-	28.476	3.125	0.008	8.390	11.523	39.999
1980	15.487	(12.449)	13.500	2.693	19.231	2.510	-	27.993	30.503	49.734
1981	(6.565)	3.366	21.500	6.944	25.245	2.917	31.637	-	34.554	59.799
1982	17.960	3.811	29.000	13.172	63.943	8.173	15.397	-	23.570	87.513
1983	13.775	(2.111)	26.000	16.225	53.889	12.138	-	-	12.138	66.027
1984	3.266	(7.466)	32.000	21.115	48.915	3.955	-	14.645	18.600	67.515

Source : Reserve Bank of Fiji. Financial Statement, 1984. p. 34a.

APPENDIX II

Table 6. Official Development Assistance (ODA) flows by source for 1982 (\$ million)

Australia	15.9	EDF	2.5
France	0.3	UNDP	1.4
New Zealand	3.1	Other Multi-lateral	1.6
United Kingdom	3.2	Total Multi-lateral	5.5
United States	2.0	Total Multi-lateral Bilateral	36.1
Other Bilateral	6.1	Official Development Assistant (ODA) per capita	54.9
Total Bilateral	30.6		

Source : FAIRBAIRN, Te'o I. J. 1985. p. 67.

APPENDIX III

Table 8. Composition of domestic exports percentage

Year	Total Domestic Exports FOB (F\$000)	Sugar and Molasses	Gold	Fish : Prepared or Canned	Coconut Products	Lumber	Biscuits	Cement	Other
1968	39,246	64.3	8.8	-	13.1	0.8	0.4	0.4	11.3
1969	43,548	65.9	7.7	-	10.4	0.5	0.4	0.4	13.6
1970	49,254	65.6	6.8	-	11.6	0.5	0.4	0.4	14.2
1971	48,873	68.2	5.5	-	8.5	0.5	0.6	0.9	15.5
1972	51,785	67.2	7.7	-	5.1	0.4	0.6	0.7	18.0
1973	52,373	66.9	11.7	-	11.7	1.1	0.6	0.6	7.5
1974	95,369	71.6	9.0	-	11.6	1.1	0.7	0.6	5.4
1975	115,926	82.8	7.4	0.2	4.6	0.3	0.4	0.5	4.0
1976	89,440	76.7	8.1	1.1	5.4	1.1	0.6	0.3	7.8
1977	124,484	76.7	5.3	3.0	7.5	0.6	0.4	0.4	9.1
1978	121,886	72.0	4.1	7.1	7.8	1.2	0.5	0.5	6.9
1979	167,586	74.2	3.9	6.9	7.4	1.0	0.4	0.1	6.1
1980	229,656	81.1	5.4	3.7	3.1	1.8	0.3	0.1	4.5
1981	193,735	72.9	6.1	8.4	3.5	0.9	0.4	-	7.8
1982	181,199	71.8	8.6	5.0	3.5	0.9	0.5	-	9.7
1983	177,875	64.7	9.5	8.3	6.0	1.0	0.6	0.1	9.8

Source : Bureau of Statistics. Overseas Trade Report, 1983.

APPENDIX IV

Table 10 (a). Tonnage of cargo landed at Fiji ports
(tonnes)

Period	Petroleum (bulk)	General	Wheat	Frozen Fish
1981	354,191	416,120	49,408	6,006
1982	364,018	395,630	56,312	2,112
1983	322,526	450,281	52,790	3,350

Table 10 (b). Tonnage of cargo shipped from Fiji ports
(tonnes)

Period	Petroleum	General	Lumber	Raw Sugar	Molasses	Coconut Oil
1981	65,196	49,352	12,363	382,506	157,926	12,512
1982	74,528	65,524	7,970	360,060	156,832	13,290
1983	57,100	92,806	7,452	328,797	87,325	11,782

	Copra & Pellet	Frozen Fish
1981	-	1,456
1982	622	303
1983	28	699

Table 15 Sugar Industry Production and Prices

Year/ Season	Sugar Cane (b)			Prices Paid to Crowers (\$/ tonne)	Input of Cane per Tonne of Sugar (tonnes)	Sugar Production (^{'000} tonnes)	Molasses Production (^{'000} tonnes)	Exports of Sugar (a)		
	Number of Contracts	Area Harvested (^{'000} hectares)	Production Per Hectare (tonnes/ hectares)					Quantity (^{'000} tonnes)	Value (f.o.b.) (\$/ tonne)	Unit Value (\$/ tonne)
1966	15,579	43	2,227	6.39	7.2	309		242	21,096	87
1967	15,609	45	2,197	6.23	7.4	297		323	23,780	74
1968	15,596	46	2,871	6.40	7.2	399	95	346	24,856	72
1969	15,596	47	2,376	6.62	7.8	305	108	322	28,134	87
1970	15,542	46	2,886	7.62	8.0	361	107	334	31,820	95
1971	15,548	47	2,545	7.95	7.9	323	85	340	32,851	97
1972	15,612	44	2,238	9.90	7.4	303	77	279	34,423	123
1973	16,533	46	2,496	9.76	8.3	301	95	271	34,280	126
1974	16,546	45	2,151	20.57	7.9	272	71	258	66,952	260
1975	17,264	45	2,160	31.60	7.9	273	76	250	94,717	379
1976	17,667	47	2,283	24.18	7.7	296	81	250	67,704	271
1977	18,395	52	2,674	26.74	7.4	362	105	324	93,576	289
1978	18,456	54	2,849	24.99	8.2	347	106	294	83,273	283
1979	19,152	62	4,058	23.50	8.6	473	163	428	116,962	273
1980	19,700	67	3,360	35.19	8.5	396	129	441	174,175	395
1981	21,000	66	3,931	26.24	8.4	470	152	408	131,561	322
1982	21,574	69	4,075	25.00	8.4	486	150	411	125,076	304
1983	21,880	59	2,203	29.65	7.9	276	84	343	111,935	326
1984	22,130	69 (r)	4,302 (r)	19.00 (p)	9.0 (r)	480 (r)	188	379 (p)	109,955(p)	290(p)

Notes (a) The sugar export price closely approximates the actual realised average prices for production because local consumption accounts for a small percentage of total production. The price paid for 1970 season and after, to the growers, is based on the formula as laid down under the Denning Award.

(b) Relates to seasons.

Source: Bureau of Statistics. Current Economic Statistics: April, 1985. p. 22.